

**MINUTES OF THE
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY
APPROPRIATIONS SUBCOMMITTEE**

Room 210 Senate Building

January 27, 2015

Members Present: Sen. David P. Hinkins, Chair
Rep. Mike McKell, Chair
Rep. Kay J. Christofferson, House Vice Chair
Sen. Margaret Dayton
Sen. Scott K. Jenkins
Sen. Ralph Okerlund
Sen. Kevin T. Van Tassell
Rep. Scott Chew
Rep. Susan Duckworth
Rep. Brian M. Greene
Rep. Stephen G. Handy
Rep. Timothy Hawkes
Rep. Ken Ivory
Rep. Justin Miller
Rep. Michael E. Noel
Rep. Lee B. Perry
Rep. Marc K. Roberts

Members Absent: Sen. Jim Dabakis
Sen. Peter C. Knudson

Staff: Mr. Ivan D. Djambov, Fiscal Analyst
Mr. Brian Wikle, Fiscal Analyst
Ms. Linda Service, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Introductions

Chair Hinkins called the meeting to order at 8:06 a.m. and introduced committee members.

2. Approval of Minutes

Sen. Jenkins moved to approve the minutes of the September 18, 2014 meeting. The motion passed unanimously.

3. Subcommittee Overview

Mr. Ivan Djambov, Fiscal Analyst, provided a tutorial for subcommittee members and those interested in accessing materials online for individual appropriations meetings. Resources can be found on the Legislature's webpage (http://le.utah.gov/lfa/reports/cobi2015/ctte_28.htm). He discussed the Compendium of Budget Information (COBI) which contains financial history, references to statutory authority, performance information, and staff budget analysis at the program level. This year's COBI is reformatted, and also includes fees and details on recommendations for budget changes.

Other meeting materials covered were handouts of the January and February calendar for the 2015 General Session, "Natural Resources, Agriculture, and Environmental Quality Appropriations

Subcommittee, Overview - Issue Brief," "Sample Questions for Each Item of the Base Bill," "Budget Efficiency Review Options," and "Report on How the Funding Appropriated for FY 2014 was Used."

4. Office of Energy Development, Review of Base Budget

Mr. Brian Wikle, Fiscal Analyst, presented an overview of the Office of Energy Development (OED), including an introduction of the Base Budget. OED works with governmental entities at all levels and with industry to develop Utah's energy resources responsibly. One of their performance measures is to leverage incentive dollars to private investment spending at a minimum ratio of 25 to 1. In FY 2014, OED's target was nearly doubled by the actual.

For clarification purposes, Dr. Laura Nelson, Executive Director, OED, responded to a question regarding the substantial increase in private investment from \$17 million in 2013 to \$136 million in 2014. Three million dollars were authorized in refundable and non-refundable tax credits to leverage incentive dollars to private investment spending with a target ratio of 25 to 1 resulting in a goal of approximately \$73 million. For the first time they also leveraged capital expenditures through the production tax credit. A large percentage of the projects coming online is capital expenditure. For modest dollars expended by OED, they are able to leverage the value of those capital expenditures.

Mr. Jeff Barrett, Deputy Director, OED, reported that the jump in the amount from \$17 million to \$136 million is attributable to how the credits were tracked. In previous years the production tax credits were captured in COBI metrics but the private investment leverage was not captured. They have now corrected an inaccurate approach changing the procedure to capture private investment. The \$17 million is what it would look like in leveraging private investment if it were only the investment tax credit for home owners and businesses; the \$136 million takes into account production tax credit of large utility scale projects.

In an effort to inform committee members and the public on information available to them online, Mr. Wikle discussed the decrease in appropriations to OED over the past few years; the largest portion being due to a drop in federal funds from the American Recovery and Reinvestment Act. He then instructed them through the process of finding such information.

Dr. Nelson provided the handout "Office of Energy Development FY 2016 Base Budget." Along with reviewing the background of OED, she commented on state energy and minerals production, OED's work, COBI Performance Measures, and OED FY 2016 Base Budget.

5. Public Lands Policy Coordinating Office, Review of Base Budget

Mr. Wikle presented a brief overview of the Public Lands Policy Coordinating Office (PLPCO) noting that they work with federal, state, and local governmental entities to promote the state's interests regarding management of public lands. Their funding source is almost evenly split between General Fund, General Fund Restricted, and Beginning Nonlapsing for a base appropriation of \$2.39 million. He mentioned the decline in the General Fund Restricted appropriation; this account receives a portion of money deposited in the Land Exchange Distribution Account (LEDA) but revenues to LEDA have diminished. Several of OED's Performance Measures relate to gathering information and testimony for litigation surrounding RS 2477 roads. One option listed in COBI would reduce PLPCO's travel by \$17,000.

Ms. Kathleen Clarke, Director, PLPCO, indicated that the role of the office is to protect the rights of Utahns to access and benefit from public lands in the state. They respond primarily to actions and proposals of the federal government or reach out to reclaim interests and rights that they believe are the state's but have been denied. Ms. Clarke provided the handout "Public Lands Policy Coordinating Office (PLPCO) Legislative Mandates: (Draft)" and commented on mandated activities such as reviewing, analyzing, and promoting Utah's interest through advocacy and participation, Endangered Species Act activities, archaeological assistance and permitting, providing staff assistance to the CDC, litigation defending the state's interest on public lands and RS 2477 roads, and assisting with the Utah Wilderness Act, Snake Valley Aquifer, and the Transfer of Public Lands Act and Study.

MOTION: Sen. Jenkins moved to adjourn. The motion passed unanimously. Chair Hinkins adjourned the meeting at 10:25 a.m.

Sen. David Hinkins, Chair

Rep. Mike McKell, Chair